GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Mines & Minerals – Exemption of Seigniorage fee charges to a tune of Rs.28,82,88,002/- in connection with site levelling works of M/s. Kia Motors project at Erramanchi (V), Penukonda (M), Anantapuramu (Dt) - Orders Issued.

INDUSTRIES & COMMERCE (M-II) DEPARTMENT

G.O.MS.No. 53 **Dated: 17-04-2018**

Read the following:

1) G.O.Ms.No. 40, Ind. & Com. (P&I) Department, dt:08.03.2017.
2) G.O.Ms.No.56, Ind. & Com. (P&I) Department, dt:26.04.2017.
3) From the VC & MD, M/s. APIIC Ltd., Letter No. APIIC-16025/2/2017/ENGG WING I-APIIC & Lr. dt: 22.05.2017.
4) From the VC & MD, M/s. APIIC Ltd., Lr. No. APIIC/ATP/ Erramanchi/site Development/2017-18, dt:29.05.2017
5) Govt. Memo No. 196354/2017/A1-INFRA-INDS of Ind. & Com. (INFRA) Dept., dt. 31.05.2017.
6) From the Director of Mines & Geology, A.P., Single File bearing C.No.17002/MR-KIA/2017, under SFS, Dt. 01.12.2017.

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ORDER :

In the G.O. 1st read above, Government have announced the "Backward Areas Ultra Mega Integrated Automobile Projects Policy" (UMIAP), wherein Government have extended various incentives for establishment of Auto mobile parks in the Backward area regions such as Ananthapuramu District. The policy shall remain in force for 7 years i.e., up to 31.03.2022.

2. The State Investment Promotion Board (SIPB) in its meeting held on 21.04.2017 has considered the request of M/s. Kia Motors Corporation (KMC) for establishment of a manufacturing unit at Erramanchi (V), Penukonda (M), Anantapuramu District. The SIPB among its decisions/ recommendations have considered to extend various incentives and also considered all other incentives as per UMIAP Policy and concessions already provided for and/or under the category of Mega Projects as set forth and defined under the IDP 2015-20 shall also be extended to KMC.

3. Based on the recommendations of SIPB, in the G.O. 2nd read above, Government issued orders extending the incentives to M/s. Kia Motors Corporation (KMC) and its Associations & vendors to set-up a car manufacturing facility at Erramanchi (V), Penukonda (M), Anantapuramu District.

4. In the references 3rd and 4th read above, the Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., Vijayawada submitted proposal for exemption of Seignorage charges stating that at the instance of Government of Andhra Pradesh the site levelling & other relates infrastructure works and the related activities were taken up at the main site. The Vice Chairman & Managing Director, APIIC Limited while indicating list of works entrusted and their execution time lines and the detailed estimate of the site levelling for main plant of 600 Acs has, therefore, requested the Government to accord necessary sanction and release of funds as well as to accord exemption of the components of Seignorage, VAT & Labour cess from the Mines, Commercial Taxes & Labour Departments as part payments were already made by the APIIC and the timely release of funds will ensure the completion of works as per the schedule.

(Contd...)

5. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., Vijayawada has requested the Government for exemption of Rs. 28,82,88,002/- towards Seignorage charges for site levelling work payable to Mine & Geology Department, stating that the said amount was indicated in the Annexure to G.O.Ms No. 56, Ind. & Com. (P&I) Dept, dt:26.04.2017 which is alone for the said work, and other infrastructure works were not included in the amount.

6. In the reference 5th read above, Government, accordingly requested the Director of Mines & Geology, A.P., Vijayawada to take necessary early action to exempt the amount of **Rs.28,82,88,002/-** towards Seignorage charges for site levelling work payable to Mines & Geology Department as proposed by the APIIC.

7. In the reference 6th read above, the Director of Mines & Geology, Government of Andhra Pradesh has stated that vide letter No:17002/MR/KIA/2017, dt:28.6.2017, they have addressed the APIIC Ltd., Vijayawada with a request to furnish the details of survey number wise extents to be levelling, site maps and quantities involved in the said construction for exemption. The APIIC, vide letter dt:21.10.2017 has furnished the quantities involved in the site grading and other infra works live service roads, culverts, Bridges etc as below:-

S.No:	Description	Quantities (In Cum)
1	Earth	20,23,470
2	Metal	42,98,550
3	Sand	5,648
4	Gravel	3,72,652

8. The APIIC requested the Government to issue orders to exempt APIIC from payment of Seignorage Fee charges to Mines & Geology Dept for the minerals going to be utilized on the subject work at the earliest.

9. The Director of Mines & Geology, Government of Andhra Pradesh has further stated that the matter was referred to the Vice Chairman & Managing Director, APIIC vide their Lr. dt:28.06.2017, for detailed report as to the survey number wise extents, site maps and quantities involved etc. Accordingly, the Vice Chairman & Managing Director, APIIC vide Lr. No.CE/APIIC/ATP/Erramanchi/Site Development/2017-18, dt: 21.10.2017 furnished the information along with site maps etc.

10. The Director of Mines & Geology, Government of Andhra Pradesh has stated that the Seignorage Fee on all the Minerals proposed to be consumed is worked out taking the existing rates of Seignorage Fee (G.O.Ms No. 100, Ind. & Com. (M-II) Dept., dt: 01.11.2015) as detailed below:-

Sl.No.	Description	Unit	Rate(In Rs. per cum)	Quantity	Seigniorage fee (In Rs Lakhs)
1.	Earth	M^3	30	20,23,470	607.04
2.	Road Metal	M^3	75	42,98,550	3223.91
3.	*Sand	M^3	50	5,648	-
4.	Gravel	M^3	30	3,72,652	111.80
Total				**67,00,320**	**3942.75**

(Contd...)

* According to Sand Policy, 2016, ordinary Sand has been made available at free of Seig. Fee w.e.f 04.03.2016 Sand free of cost.

11. The Director of Mines & Geology, Government of Andhra Pradesh has further stated that State Investment Promotion Board (SIPB) during the meeting held on 21.04.2017 made certain recommendations and the following is about exemption of Seignorage Fee for site levelling by KIA Motors Corporation (KMC).

Land, Infrastructure and Utilities:

Sl. No.	Request	SIPB Decision
11	Government of Andhra Pradesh shall, at no cost or expense to KMC, (i) do all things necessary to cause the completion of preparation of the Project Site in accordance with KMC's requirements, (ii) contract with or cause to be contracted with all contractors to implement the programs.	SIPB decided that the land levelling be completed at Government of Andhra Pradesh cost within the agreed timeline under the provisions of the Ultra Mega Integrated Automobile Policy as per the preliminary tentative line estimates provided in Annexure–I and directed all the line Departments to prepare detailed estimates and seek approval of relevant competent authorities. **It was also decided to exempt site levelling from Seignorage Fee charges.** Further, SIPB accorded permission to APIIC to select suitable site levelling contractor to implement the programs/works.

12. The Director of Mines & Geology, Government of Andhra Pradesh has further stated that Government vide G.O.Ms No. 56, Ind. & Comm. (P&I) Dept, dt:26.04.2017 issued orders extending certain incentives in favour of M/s. KIA Motors Corporation (KMC) and its associates and vendors under Backward Areas Ultra Mega Integrated Automobile Projects Policy and Industrial Development Policy, 2015-2020 to setup a car Manufacturing Facility at Erramanchi & Gudipalli Villages of Ananthapuramu District. Para 03 (III(xii)) of the G.O stipulates the following:

> "SIPB decided that the land levelling be completed at Government of Andhra Pradesh cost within the agreed timeline under the provisions of the Backward Areas Ultra Mega Integrated Automobile Projects Policy as per the preliminary tentative line estimates provided in Annexure – I and directed all the line Departments to prepare detailed estimates and seek approval of relevant competent authorities. "It was also decided to exempt site levelling from Seigniorage charges**".**

(Contd...)

13. Director of Mines & Geology, Government of Andhra Pradesh has, therefore, requested the Government to arrange to issue orders exempting Seigniorage Fee on the quantum of Minerals by exercising the powers conferred under rule 11 (c) of A.P. Minor Mineral Concession Rules, 1966 duly stipulating the following conditions:-

(1) The project proponent shall furnish the details to the Assistant Director of Mines & Geology concerned on quarterly basis about the minerals consumed.

(2) The validity of order of exemption shall be upto 31.03.2022 i.e., coterminous with the validity of the Backward Areas Ultra Mega Integrated Automobile Projects Policy announced vide G.O.Ms.No. 40, Ind. & Com. (P&I) Department, dt:08.03.2017.

14. Government after careful examination of the matter, hereby issue orders exempting Seigniorage Fee to a tune of Rs. 28,82,88,002/- on the quantum of minerals consumed in connection with site leveling works of Kia Motors project at Erramanchi (Vill.), Penukonda (Mandal), Ananthapuramu (District), by exercising the powers conferred under rule 11 (c) of A.P. Minor Mineral Concession Rules, 1966, subject to the following conditions:-

(i) The project proponent shall furnish the details to the Assistant Director of Mines & Geology concerned on quarterly basis about the minerals consumed.

(ii) The validity of order of exemption shall be upto 31.03.2022 i.e., coterminous with the validity of the Backward Areas Ultra Mega Integrated Automobile Projects Policy announced vide G.O.Ms.No. 40, Ind. & Com. (P&I) Department, dt: 08.03.2017.

(iii) If the amount utilised for land levelling is part of the Incentives for the purpose of calculation of total incentives to the company, then the amount of all the exempted taxes will also have to be calculated towards that amount.

15. This order issues with the concurrence of the Finance Department, vide their U.O.No.45027/495/FMU-Rev, I&C & Energy/2018 (2017), Dt.08.03.2018.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

B. SREEDHAR
SECRETARY TO GOVERNMENT (MINES)

To
The Director of Mines & Geology, GoAP., Vijayawada.
The Vice Chairman & Managing Director, M/s. APIIC Ltd., Vijayawada

Copy to:

The Asst. Director Mines & Geology, Ananthapuramu
The Ind. & Com. (P&I) Dept.
The Ind. & Com. (INFRA) Dept.
The Finance (FMU Rev-I&C) Department.
The P.S to Secretary to Government (Mines)
The P.S to Secretary to Government & CIP
The P.S. to M(M&G).
The P.S to Prl.Secretary to C.M.
Sf/Sc (C.No.11184/M.II/2017)

//FORWARDED :: BY ORDER//

SECTION OFFICER